

Introduction

The following remarks are prepared in the context of the Syracuse University's [\\$1.75 million donation from the Charles Koch Foundation](#) to create the Institute for an Entrepreneurial Society (IES).

These agreements are accompanied by a characteristic disregard for faculty governance and transparency. We hope that the following materials will be taken into consideration, particularly in the absence of any documentation of the Koch foundation's agreement.

UnKoch My Campus is a network of students, faculty, and alumni dedicated to the preservation of academic freedom and faculty governance in the presence of highly political donors. The following observations regarding the academic programming and political activity of the Charles Koch Foundation are made purely on these grounds.

Donor Created Programming

According to the website of the Institute for an Entrepreneurial Society, the program is based around what appears to be a donor created Ph.D program:

Syracuse University **now offers a political economy track** as part of its well-established Ph.D. program in entrepreneurship, currently accepting applications . . . to recruit an elite group of four Ph.D. students for this **new track in its Ph.D. program**. ([IES webpage](#))

The item of concern is whether the donor was allowed to create a degree program through their donation. Such influence has been documented at other Koch funded universities, most comprehensively at Florida State University ([Academic Crime](#), pg 123).

Donor Control Over Fellowships

Documentation of Koch's relationship with Syracuse has not been made public, but similar programs at Florida State University may shed light on the specific donor stipulations of the IES.

Political economy students will be fellows of the Institute for an Entrepreneurial Society (IES). ([IES webpage](#))

At FSU, the Koch foundation was not only allowed to screen fellows and their dissertation topics, but the contract allows the donor to withdraw their funding from any hire, fellow, or program at their sole discretion ([Academic Crime](#), pg 142).

Also of concern at FSU, as noted by several internal departmental self studies, was that the Koch fellows made up to 50% more than fellows on departmental support. The income inequality had a negative impact on the program's retention ([Academic Crime](#), pg 147). The IES fellows are advertised in such a way that these concerns appear to be relevant:

Institute fellows will receive **full-tuition coverage, a stipend for the whole calendar year, i.e. 12 months, plus generous benefits.** ([IES webpage](#))

Koch Summits and "Well being"

Recordings from within Koch's 2014 donor summit reveal that this language is purposefully being used to change the "framing" of free-market capitalism. Wake Forest University's Dr. Jim Otteson spoke on a panel entitled "Leverage Science and Universities," with Koch foundation officials. He described his "framing" ideas behind his newly announced [multi-million dollar "well-being" initiative](#) as a "game changer." He [described](#) an interaction with "a prominent left wing political scientist":

when I say prominent, he does blogs where he rails against Republicans almost daily like jokes about how bad capitalism is. [...] so we met for a cup of coffee.

[...]

...this is exactly the sort of person that if I had said to him, well what I want to do is, is have reports studying the (inaudible) of capitalism, or even if I had said "economic freedom," this would have been exactly the sort of person who probably would have been leading the charge against it, he would have been leading the protest against it. But when you say, no, what we're interested in is human well-being, what are the elements -- this is not a partisan question. This is not even an ideological question. This is a question about managing government. What are the elements of human well-being (inaudible)? What we do is we enable people from across the political spectrum (inaudible) might want to be part of (inaudible). The framing of that is going to be critical. (Otteson, [session transcript](#), pg 15-17)

According to the IES website:

IES fellows will examine the **legal, social, and political institutions that foster societal well-being** by unleashing human creativity and productivity. ([IES webpage](#))

Donor Secrecy and Control

Contractual Anti-Transparency

If the contract between Syracuse and the Koch foundation is anything like the agreements at other universities, the Koch foundation requires that the university avoid transparency as much as possible. At the University of Kentucky, the agreement requires that:

Except as permitted in Section 7, the University **agrees to keep confidential and not to disclose to any third party the existence of or contents of this Agreement without express written approval from the Donor**, subject to the public disclosure requirements of Kentucky's Open Records Act, as amended, and controlling law. If the Foundation or the University is required to disclose the existence of or the content of this Agreement to any third party, the University agrees to provide the Donor at least three (3) days' advance written notice of such disclosure, except as otherwise may be required by law. (UK [Koch Agreement](#), Sec. 8.b, pg 4)

This provision is nearly identical to others we have seen in Koch contracts. Of the hundreds of universities funded by the Charles Koch Foundation, documentation is available for approximately ten universities. A private university does not have to (and under this provision would be obligated not to) "reveal to a third party the existence of" an agreement with the Koch foundation.

At the 2016 APEE conference, Charles Koch Foundation officer Charlie Ruger spoke on a panel entitled "[Establishing a Successful Academic Center](#)":

Transparency is one thing. The reason that groups like UnKoch My Campus are engaging in abusive open records law is not for the sake of transparency, it's for the sake of intimidation and bullying, and to put academic freedom at risk. So if you're a faculty member and you have an idea, this group's sole purpose is to ensure that you're not allowed to pursue that idea by shutting down.

And so we're all for the idea of transparency, we've got nothing to hide, there's nothing untoward happening. All of our philanthropy is based on faculty governance, academic freedom and donor intent, and those things aren't in conflict.

But every time a bully knocks on the door, we're not just gonna give them what they ask for. They're gonna have to go through this process and reveal themselves for what they are. They're going to file lawsuits and drag these professors into court, as a signal to the

next professor who wants to do something innovative or entrepreneurial. 'If you do that, we'll sue you, and all of your emails will become public.'

Our position on that is, no, don't give them anything they ask for, till they go through that process. It makes them look foolish that they file lawsuits, they hire attorneys, and then they get nothing. Over time, I think they're gonna learn, this is an overuse of open records laws. But we don't wanna just give them something for free. What they're about is not transparency. (Ruger, [Establishing a Successful Academic Center](#), pg 20)

Also on the panel was the director of the Koch program at the University of Louisville, Dr. Steve Gohmann, who followed up directly to Ruger's remark:

Well, perhaps if you drag 'em on longer and longer and make them spend more on attorney fees, it then becomes real expensive for them to get something like, like our agreement.

When Charlie Ruger describes how students will "file lawsuits and drag these professors into court," he is presumably referring to the events at the University of Kansas. Student records requests that would have revealed details of Koch funded academic activity of University of Kansas professor and former Koch lobbyist Art Hall. The records request was blocked by a lawsuit filed Dr. Hall, paid for by Koch Industries ([Topeka Capital Journal](#), September 15 2015).

Contractual Influence

The 2015 [Charles Koch Foundation/UK agreement](#) contains provisions that grant the donor excess control, similar to other provisions seen in Koch's academic programming Koch/Schnatter. Recent recordings of Koch foundation officials confirm that that this is used intentionally as a mechanism of donor control.

In section 5 of the Koch agreements with UK, the "Proposed Grant Award Schedule" specifies:

The university shall submit an annual written grant request according to the schedule below for Donor's consideration to provide grant funds and an accounting of the expenditure of any Contributed Amount previously received to the Donor according to the schedule below (the "University Annual Charitable Grant Request"). **The Donor has the right to decline providing funding in response to a University Annual Charitable Grant Request.** ([UK CKF grant agreement](#), Sec 5.a, pg 3) (Emphasis added.)

The Donor has full discretionary power over the use of these funds, not only on an annual basis, but on thirty days notice. In section 8 of the Koch and Schnatter agreements with KU, the agreement confirms:

The Donor has the right to terminate this Agreement and to discontinue or withhold any Contributed Amount. Such termination shall be deemed effective upon the expiration of thirty (30) days from the date notice was provided by the Donor to the University. ([UK CKF grant agreement](#), Sec 8.a, pg 4)

Koch Confirms, it's for Control

Koch foundation officials have confirmed our criticisms that undue influence is granted when donors are allowed to decide annually whether to renew or withhold funding. At the 2016 APEE conference, the University of Kentucky's John Garen and the Koch foundation's Charlie Ruger sat on a panel entitled "Successful Models of Programs in Private Enterprise." The panel was made up of Koch funded academics¹ Ruger clarified:

Everything we do is on an annual basis. So we want our partners to have certainty and be able to do long term programs and stuff. So we'll say 'for the first 3 to 5 years of an investment, we'll commit, formally, 3 or 4 million dollars or whatever it is and we do that with a coalition of stakeholders, a coalition of donors. And here's what the university has said it would like to do with the money. If it does anything else with it, you know, **'best of luck but the next check isn't coming.'** (Ruger, [Successful Models](#))

Koch funded professors on the panel confirmed that this was their understanding. The director of the University of Louisville Koch Center, Dr. Steve Gohmann:

And I don't worry about the university trying to steer the money away because they know that if they take that money, there won't be money coming in the future. So this is the nice thing about getting money annually, is that the university is more beholden to let faculty do what we're what we want to do with the money, which is, the donor also intends us to do, and because that money's not there for them to grab onto and it won't be coming the next year if they mess things up. (Gohmann, [Successful Models](#))

See [Chapter 3](#) of our book for more details on mechanisms of control.

¹ Other panelists were the University of Louisville's Steve Gohmann (director of UL's BB&T, and Koch/Schnatter programs), Clemson University's Bradley Thompson (director of Clemson's BB&T and Koch programs), and Trinity College's Gerald Gunderson.

Political Interference

The objectives of the Charles Koch Foundation's academic programming have been revealed multiple times over, beginning from a 1974 speech given by Charles Koch as chairman of the Institute for Humane Studies, where Koch clearly states:

We should cease financing our own destruction and follow the counsel of David Packard, former Deputy Secretary of Defense, by supporting only those programs, departments or schools that "contribute in some way to our individual companies or to the general welfare of our free enterprise system."

[...]

We must recognize that a direct political approach contains certain inherent dangers. [...] Thus, political activity is less cost-effective than the other approaches, and businessmen should allocate resources accordingly.

The important strategic consideration to keep in mind is that **any program adopted should be highly leveraged so that we reach those whose influence on others produces a multiplier effect**. That is why educational programs are superior to political action, and support of talented free-market scholars is preferable to mass advertizing.

The development of a well financed cadre of sound proponents of the free enterprise philosophy is the most critical need facing us at the moment. As the Powell Memorandum points out, "business and the enterprise system are in deep trouble, and the hour is late." But the system can be restored if business will re-examine itself and undertake radical new efforts to overcome the prevalent anti-capitalist mentality. (Charles Koch, 1974, [Anti-capitalism and Business](#), pg 6-7) (Emphasis added.)

Koch's "Integrated Strategy": the Structure of Social Change

The Charles Koch Foundation organizes a network of the nation's wealthiest interests, using an explicit model they have developed for privately funding pro-corporate policy change.

The strategy used by the Koch foundation, "[the Structure of Social Change](#)," was developed in the late 1970's by Richard Fink² based on a model of production created by Austrian economist Friedrich Hayek. The model is reimagined so that, instead of the manufacturing and distribution of a product, private donors fund the production and "implementation of policy change."

The Koch foundation describes this as the process of "transforming ideas into action."

²Fink was long time Executive Vice President of Koch Industries, CEO of Koch Companies Public Sector (Koch's lobbying arm), President of the Charles Koch Foundation, and co-founder (with Charles Koch) of the Mercatus Center at George Mason University in 1978.

In the three part model, donors first fund an academic to produce research (“intellectual raw materials”), which a think tank then molds into policy recommendations (“usable form”), and finally, corporate funded front groups (“citizen activist groups”) to give the appearance of grassroots support (“astroturf” groups like Americans for Prosperity³).

“Integrated Strategy” and Koch’s Donor Summits

The Charles Koch Foundation and a network of donors fund and coordinate this process twice annually at a secretive “donor summit.” [Leaked recordings](#) from a 2014 donor summit **reveal**

Professors educate thousands of students in the idea of a free society, in courses and outside the classroom (inaudible), and then help those students see the message to fight for freedom. (Kevin Gentry, [session transcript](#), pg 4)

Now, these programs also act as a talent pipeline. [...] Today we work with a network of nearly 5,000 scholars (Gentry, [session transcript](#), pg 5)

Not only does higher education act as a talent pool stream where teachers and professors operate other new programming, but it also -- the students that graduate out of these higher education programs also populate the state-based think tanks and the national think-tanks. Six think tanks are working on freedom initiatives. And then also, they become the major staffing for the state chapters on the grassroots innovation around the country.

So you can see that higher education is not just limited to impact on higher education. Students who aren't interested in becoming professors, but are interested in what we're -- got to be careful how I say this -- more broadly, are very interested and then they, they populate our, our program these think tanks, and grassroots. And as we pointed out, that group of students taught in these centers, that we've been able to produce two million or so grassroots. And they in turn work with the (inaudible) that even talks to (inaudible) talks to (inaudible).

So the network is fully integrated. So it's not just work at the universities with the students, but it's also building state-based capabilities and election capabilities, and integrating this talent pipeline. So you can see how this is useful to each other over time. No one else, and no one else has this infrastructure. We're very excited about doing it.

³ Fink has been a long time board member of Americans for Prosperity, co-founding its predecessor, Citizens for a Sound Economy.

The Koch foundation uses these summits to fund and coordinate an “integrated strategy” for policy change where the university donations are arranged literally in the room where political donations are arranged. Kevin Gentry continues:

And because we're (inaudible) well-being, a lot of our current resources are focused on economic freedom and are focusing on electoral process. We're trying to launch a new institution focusing on experimentation with well-being (inaudible) population. **So I hope that those of you that are excited about the electoral process, you'll invest there. Those of you who are excited about universities, invest there. Those of you who are also excited in terms of investing in these new experiments (inaudible) well-being, I hope you invest there.**

...this network is focused on 32 priority states which the population, the culture of freedom that will not just change the policies of those states, but also have a significant impact on the federal government.

“Integrated Strategy” and APEE

The Charles Koch Foundation's Charlie Ruger acknowledged this model, and the political purposes of Koch's academic programming, on same the APEE 2016 panel with UK's John Garen:

So, when we go to build new academic institutions in partnership with the universities, we're doing it because **in order to, you know, make a dent we're gonna need to have a disproportionate impact.**

[...]

it's not just funding summer salaries or funding for individual research projects, it's got to do with taking those ideas, taking that research, and bringing them out of the academy. So we want these great ideas of the APEE network to be applied the way we think about it at least, across sort of an integrated structure of production for culture change.

[...]

They can also play an interesting role in engaging with different kinds of stakeholders in these social institutions. That can mean arranging state legislative testimony to make sure that, you know, these kinds of ideas have a seat on the table in public policy.

[...]

And it's not just the money, we also bring a network with us. So, the Charles Koch Foundation does a lot of funding of universities and higher education institutions over all, but **we've got a constellation of network organizations that are focused on applying what comes out of universities to change the world.** And so, that's sort of the core of the partnership. Money plus the network. (Ruger, [Successful Models](#))

This “constellation of network organizations that are focused on applying what comes out of universities” includes a national network of think tanks, known as the State Policy Network (SPN).

The goals of IES clearly state that there is an expectation that the program and fellows produce research that results in a clear policy impact:

Students will be encouraged to develop evidence-based policy-relevant research on the causes of innovation, opportunity and economic growth. ([IES webpage](#))

Section 3: The Free Market Agenda of Koch

The Koch foundation’s Charlie Ruger (during the APEE 2016 panel) described the motivations of their partner donors:

CKF and our partners put together have committed about 170 million dollars in resources over, let’s say, the next 5 or 6 years to these center projects. Only about 40% of that comes from the Charles Koch Foundation. The rest comes from a network of business leaders from across the country who see our system of free enterprise as being in great peril, and they’re willing to put all of their resources, their fortunes, on the line, to help that not happen.

Ruger briefly described their partnership with John Schnatter:

So, in the case of the University of Louisville with John Schnatter, Papa John’s is headquartered in Louisville.

[...]

And then University of Kentucky is sort of the same geographical region, **he’s got a lot of business interests there, that kind of thing.** (Ruger, [Successful Models](#)) (Emphasis added.)

Schnatter has business interests in the state of Kentucky, as it is the location of Papa John’s U.S.A Inc. As a result, Kentucky is also the location of Papa John’s legal troubles with labor regulations, including a years long, six state, [class action lawsuit](#) against Papa John’s for an elaborate system of wage theft, violating minimum wage laws. Papa John’s settled out of court for \$12.3 million in 2015.

Schnatter was an attendee of Koch’s [Feb 2014 Freedom Partners donor summit](#) in Palm Springs, CA. Documents reveal that at the 2014 summit, Schnatter had a [one on one meeting](#) with the Koch Foundation’s director of Higher Education, Ryan Stowers.

Ryan Stowers was listed as members of the executive committee of the (Association of Private Enterprise Education) APEE, according to most the organization's most recent [990 tax forms](#).